MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210 & TERM ID 2215)

DMA5214 – PRINCIPLES OF MANAGERIAL ACCOUNTING

(All sections / Groups)

15 FEBRUARY 2023
2.30 PM – 4.30 PM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 4 pages excluding cover page with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Classify whether the following statements are TRUE or FALSE.

1. The CVP income statement classifies costs as variable or fixed and computes a contribution margin.
2. The margin of safety tells a company how far sales can drop before it will be operating at a loss.
3. The difference between absorption costing and variable costing is the treatment of variable manufacturing overhead.
4. Manufacturing cost per unit will be higher under variable costing than under absorption costing.
5. Selling and administrative costs are period costs under both absorption and variable costing.

(5 marks)

Part B

Aiman Enterprise produces gamer apparels. It incurred the following costs in year 2021:

	(RM)
Direct materials	45,000
Direct labour	48,000
Fixed manufacturing overhead	34,000
Variable manufacturing overhead	27,000
Fixed selling and administrative expenses	31,000
Variable selling and administrative expenses	24,000

Required:

(a) Compute the total product costs for the company under variable costing method.

(4 marks)

(b) Compute the total product costs for the company under absorption costing method.

(5 marks)

Part C

During the year 2021, Ashril Factory Sdn Bhd produced 100,000 units of essential oil and sold 75,000 for RM30 per unit. Variable manufacturing costs were RM6 per unit. Annual fixed manufacturing overhead was RM200,000 (RM2 per unit). Variable selling and administrative costs were RM3 per unit sold, and fixed selling and administrative costs were RM55,000.

Required:

Prepare the Statement of Income using variable costing method.

(11 marks)

[TOTAL 25 MARKS]

Continued.....

QUESTION 2

Part A

Umar Sdn Bhd gathered the following information on cost of electricity and factory machine used for the last six months:

Month	Electricity Cost	Factory Machine Hours
July	RM35,000	15,000
August	42,500	19,000
September	35,600	15,500
October	46,700	21,000
November	49,500	25,000
December	36,700	16,000

Required:
Using the high-low method of analyzing costs,

(a) Compute the estimated variable portion of electricity costs per factory machine hour. (3 marks)

(b) Compute the estimated fixed electricity cost per month. (6 marks)

(c) If it is estimated that 20,000 factory machine hours will be run next month in January, compute the expected total electricity cost for the month of January. (3 marks)

Show all workings.

Part B

Thai Food Sdn Bhd, a manufacturer of instant noodle, had the following data for 2021:

Sales Unit	13,000 units
Unit Sales price	RM20 per unit
Unit Variable costs	RM10 per unit
Total Fixed costs	RM45,000

Required:

a) Compute the break-event point in Ringgit Malaysia (RM). (4 marks)

b) Compute the margin of safety in Ringgit Malaysia (RM) and in ratio. (4 marks)

c) If the company wishes to increase its total contribution margin by 20% in 2022, compute the total increase in sales required when all other factors remain constant. (5 marks)

[TOTAL 25 MARKS]

Continued.....

QUESTION 3

Part A

Answer the following independent questions.

1. A budget is a primary means of _____ agreed upon objectives throughout the business organization.
2. A master budget is a set of _____ budget that constitutes a plan of action for a specified time period.
3. The _____ budget is the starting point in preparing the master budget.
4. One of the essential parts of effective budgeting is to develop budget within the framework of _____.
5. _____ budgeting represents each level of management to be invited to contribute in developing the budget.

(5 marks)

Part B

Sorfina Sdn Bhd has budgeted the following unit sales:

2021	Units
January	20,000
February	17,000
March	23,000
April	26,000
May	28,000

The finished goods units on hand on 31 December 2020 was 4,000 units. Each unit requires 4 litres of liquid materials that are estimated to cost an average of RM10 per litre. It is the company's policy to maintain a finished goods inventory at the end of each month equal to 30% of next month's anticipated sales. They also have a policy of maintaining a liquid materials inventory at the end of each month equal to 40% of the litres needed for the following month's production. There were 10,500 litres of raw materials on hand at 31 December 2020.

Required:
Based on above information,
(a) prepare a production budget for the first quarter of 2021. (7 marks)
(b) prepare a direct materials budget for the first quarter of 2021. (13 marks)

[TOTAL 25 MARKS]

Continued.....

QUESTION 4

Young Medic Sdn. Bhd. developed the following standard costs for its product in 2021:

	Standard Cost	Unit Standard Cost
Direct Materials	1.2 kg @ RM2 per kg	RM2.40
Direct labour	0.25 hour @ RM12 per hour	3.00
Manufacturing Overhead:		
Variable	0.4 hour @ RM3 per hour	1.20
Fixed	0.5 hour @ RM4 per hour	2.00
		RM8.60

The company planned to work 2,725 direct labour hours and produce 10,900 units of product in 2021. Actual results for 2021 are as follows:

1. 11,000 units of product were produced.
2. Actual direct materials purchased and used during the year amounted to 13,750 kilograms at a cost of RM28,875.
3. Actual direct labour costs were RM33,320 for 2,800 direct labor hours worked.
4. Total actual manufacturing overhead incurred amounted to RM35,740.

Required:
Compute the following variances and classify either the variances are favourable (F) or unfavourable (U).

(a) Direct materials price variance. (5 marks)

(b) Direct materials quantity variance. (5 marks)

(c) Direct labour price variance. (5 marks)

(d) Direct labour quantity variance. (5 marks)

(e) Total overhead variance. (5 marks)

[TOTAL 25 MARKS]

End of Page.